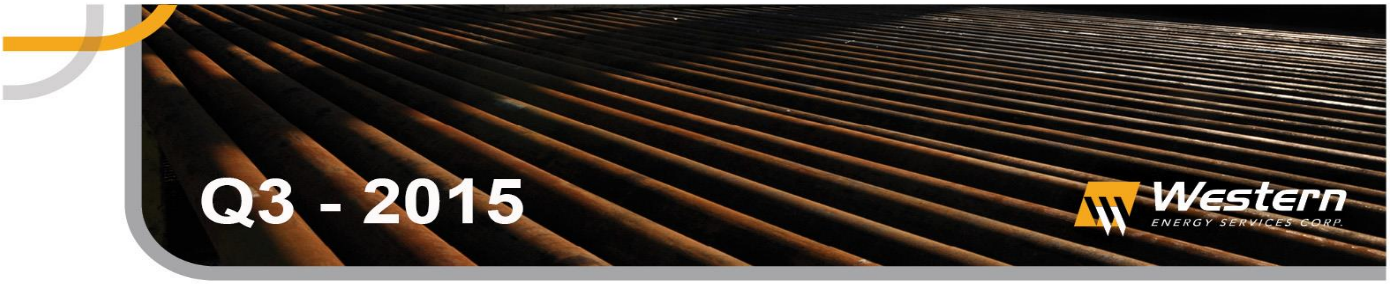

Third Quarter Interim Report

Dated: October 29, 2015

The following discussion of the financial condition, changes in financial condition and results of operations of Western Energy Services Corp. (the "Company" or "Western") should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2014 and 2013, the Company's management discussion and analysis ("MD&A") for the year ended December 31, 2014, as well as the condensed consolidated financial statements and notes as at and for the three and nine months ended September 30, 2015 and 2014. This MD&A is dated October 29, 2015. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended Sept 30**			**Nine months ended Sept 30**		
(stated in thousands, except share and per share amounts)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue	46,959	125,225	(63%)	184,846	368,622	(50%)
Operating Revenue[1]	44,350	117,960	(62%)	176,027	344,939	(49%)
Gross Margin[1]	14,285	50,570	(72%)	72,579	149,405	(51%)
Gross Margin as a percentage of Operating Revenue	32%	43%	(26%)	41%	43%	(5%)
Adjusted EBITDA[1]	8,080	42,782	(81%)	52,972	126,358	(58%)
Adjusted EBITDA as a percentage of Operating Revenue	18%	36%	(50%)	30%	37%	(19%)
Cash flow from operating activities	(530)	22,975	(102%)	79,816	133,521	(40%)
Capital expenditures	4,752	31,144	(85%)	30,303	77,533	(61%)
Net income (loss)	(76,816)	14,718	(622%)	(74,129)	44,614	(266%)
-basic net income (loss) per share	(1.04)	0.20	(620%)	(1.00)	0.60	(267%)
-diluted net income (loss) per share	(1.04)	0.19	(647%)	(1.00)	0.59	(269%)
Weighted average number of shares						
-basic	74,044,832	74,849,483	(1%)	74,434,833	74,232,921	-
-diluted	74,044,832	75,742,044	(2%)	74,434,833	75,641,911	(2%)
Outstanding common shares as at period end	73,684,965	74,883,428	(2%)	73,684,965	74,883,428	(2%)
Dividends declared	5,526	5,615	(2%)	16,710	16,762	-
Dividends declared per common share	0.075	0.075	-	0.225	0.225	-
Operating Highlights						
Contract Drilling						
Canadian Operations						
Average contract drilling rig fleet	50	49	2%	49	49	-
Operating Revenue per Revenue Day[1]	21,135	24,887	(15%)	23,815	25,852	(8%)
Operating Revenue per Operating Day[1]	23,220	27,350	(15%)	26,221	28,343	(7%)
Drilling rig utilization - Revenue Days[1]	28%	66%	(58%)	31%	64%	(52%)
Drilling rig utilization - Operating Days[1]	26%	60%	(57%)	28%	58%	(52%)
CAODC industry average utilization[1][2]	24%	46%	(48%)	24%	44%	(45%)
United States Operations						
Average contract drilling rig fleet	5	5	-	5	5	-
Operating Revenue per Revenue Day (US$)[1]	30,260	26,239	15%	29,140 [3]	25,385	15%
Operating Revenue per Operating Day (US$)[1]	32,341	29,348	10%	32,967 [3]	28,905	14%
Drilling rig utilization - Revenue Days[1]	20%	100%	(80%)	37%	94%	(61%)
Drilling rig utilization - Operating Days[1]	19%	89%	(79%)	32%	82%	(61%)
Production Services						
Average well servicing rig fleet	66	65	2%	66	65	2%
Service rig Operating Revenue per Service Hour[1]	712	804	(11%)	799	810	(1%)
Service rig utilization[1]	26%	55%	(53%)	31%	53%	(42%)

(1) See "Non-IFRS measures" on page 17 of this MD&A.
(2) Source: The Canadian Association of Oilwell Drilling Contractors ("CAODC"). The CAODC industry average is based on Operating Days divided by total available days.
(3) Excludes shortfall commitment and standby revenue from take or pay contracts of US$4.5 million for the nine months ended September 30, 2015.

Financial Position at (stated in thousands)	September 30, 2015	September 30, 2014	December 31, 2014
Working capital	71,735	71,912	78,336
Property and equipment	843,670	816,825	827,306
Total assets	947,137	1,040,973	1,057,118
Long term debt	264,219	263,624	264,165

Overall Performance and Results of Operations

Western is an oilfield service company focused on three core business lines: contract drilling, well servicing and oilfield rental equipment services. Western provides contract drilling services through its division, Horizon Drilling ("Horizon") in Canada, and its wholly owned subsidiary, Stoneham Drilling Corporation ("Stoneham"), in the United States ("US"). Western provides well servicing operations in Canada through Western Energy Services Partnership's (the "Partnership") division, Eagle Well Servicing ("Eagle") and oilfield rental equipment services in Canada through the Partnership's division, Aero Rental Services ("Aero"). Financial and operating results for Horizon and Stoneham are included in Western's contract drilling segment, while Eagle and Aero's financial and operating results are included in Western's production services segment. Non-International Financial Reporting Standards ("Non-IFRS") measures are defined on page 17 of this MD&A. Abbreviations for standard industry terms are included on page 19 of this MD&A.

Western currently has a drilling rig fleet of 57 rigs specifically suited for drilling horizontal wells of increased complexity. The average age of the drilling rig fleet is approximately seven years. Western is the sixth largest drilling contractor in Canada with a fleet of 52 rigs operating through Horizon. Of the Canadian fleet, 25 are classified as Cardium rigs, 19 as Montney rigs and 8 as Duvernay rigs. As compared to the Cardium classified rigs, Montney rigs have a larger hookload, while Duvernay rigs have the largest hookload. Additionally, Western has five Duvernay class triple drilling rigs deployed in the United States operating through Stoneham. Western is also the sixth largest well servicing company in Canada with a current fleet of 66 rigs operating through Eagle. Western's well servicing rig fleet is one of the newer fleets in the Western Canadian Sedimentary Basin ("WCSB"), with an average age of approximately six years. Western's oilfield rental equipment division, which operates through Aero, provides oilfield rental equipment for frac services, well completions and production work, coil tubing and drilling services.

Crude oil and natural gas prices impact the cash flow of Western's customers, which in turn impacts the demand for Western's services. Overall performance of the Company continued to be affected by the decline in crude oil and natural gas prices for the three and nine months ended September 30, 2015. While crude oil prices were strong in the first six months of 2014, they weakened significantly in the last half of 2014 and into the first nine months of 2015. Partially offsetting the decline in crude oil and natural gas prices for Western's Canadian customers was the strengthening of the US dollar in comparison to the Canadian dollar. The following table summarizes the average oil and natural gas prices, as well as the average foreign exchange rates for the three and nine months ended September 30, 2015 and 2014.

	Three months ended September 30			Nine months ended September 30		
	2015	2014	Change	2015	2014	Change
Average oil and natural gas prices(1)						
Oil						
West Texas Intermediate (US$/bbl)	46.43	97.17	(52%)	50.96	99.61	(49%)
Western Canadian Select (CDN$/bbl)	43.26	85.68	(50%)	47.72	87.62	(46%)
Natural Gas						
30 day Spot AECO (CDN$/mcf)	2.91	4.03	(28%)	2.78	4.79	(42%)
Average foreign exchange rates						
US dollar to Canadian dollar	1.31	1.09	20%	1.26	1.09	16%

(1) See "Abbreviations" on page 19 of this MD&A.

The significant reduction in commodity prices has resulted in a corresponding decrease in the demand for oilfield services in both Canada and the United States. The Canadian Association of Oilwell Drilling Contractors ("CAODC") reported that for drilling in Canada, the total number of Operating Days in the WCSB decreased approximately 47% and 48% for the three and nine months ended September 30, 2015 respectively, as compared to the same periods in the prior year. Similarly, as reported by Baker Hughes Incorporated, the average number of active drilling rigs in the United States decreased approximately 54% and 43% respectively, for the three and nine months ended September 30, 2015, as compared to the three and nine months ended September 30, 2014. Well servicing hours were also impacted by the decline in demand, as the CAODC reported that Service Hours in the WCSB decreased approximately 39% and 36% respectively, for the three and nine months ended September 30, 2015, as compared to the same periods in the prior year.

Key operational results for the three months ended September 30, 2015 include:

- Third quarter Operating Revenues decreased by $73.6 million (or 62%) to $44.4 million in 2015 as compared to $118.0 million in 2014. In the contract drilling segment, Operating Revenues decreased by $55.8 million (or 64%) to $30.9 million in the third quarter of 2015 as compared to $86.7 million in the third quarter of 2014; while in the production services segment, Operating Revenues decreased by $18.1 million (or 57%) to $13.4 million as compared to $31.5 million in the third quarter of 2014. The decrease in Operating Revenue is due to decreased utilization and pricing in both the contract drilling and production services segments as described below:
    - Drilling rig utilization – Operating Days in Canada decreased to 26% in the third quarter of 2015 as compared to 60% in the third quarter of 2014, resulting in a 56% decrease in Operating Days. The Cardium class rigs were impacted the most by the decreased drilling activity and increased competition in the industry resulting in a 73% decrease in Operating Days; whereas Operating Days for the Montney and Duvernay class rigs were also impacted but to a lesser extent decreasing by 49% and 20% respectively, in the third quarter of 2015. Third quarter 2015 drilling rig utilization – Operating Days of 26% reflects an approximate 200 basis points ("bps") premium to the CAODC industry average of 24%, as compared to the 1,400 bps premium realized in the third quarter of 2014. The change relative to the CAODC industry average is due to a number of Western's customers, who typically have substantial drilling programs, significantly cutting their capital spending in 2015, which resulted in a lower premium to the CAODC industry average. Reduced activity and increased competition resulted in downward pricing pressure, which reduced Operating Revenue per Revenue Day in the contract drilling segment in Canada by approximately 15%. Pricing pressure was generally more significant for the Cardium class rigs and less so for the Montney and Duvernay class rigs.
    - In the United States, drilling rig utilization – Operating Days decreased to 19% in the third quarter of 2015, as compared to 89% in the same period of the prior year, due to reduced activity resulting from the decreased commodity price environment. However, in the United States, Operating Revenue per Revenue Day increased by approximately 15% in the third quarter of 2015, as one of Western's upgraded rigs worked throughout the quarter on a long term contract.
    - Well servicing utilization decreased to 26% in the third quarter of 2015 as compared to 55% in the same period of the prior year, which coupled with an 11% decrease in well servicing hourly rates, due to pricing pressure in all areas, resulted in an $18.1 million (or 57%) decrease in Operating Revenues in the production services segment in the period.
- Third quarter Adjusted EBITDA totalled $8.1 million in 2015, a $34.7 million decrease (or 81%), as compared to $42.8 million in the third quarter of 2014. The year over year decrease in Adjusted EBITDA is due to lower utilization and pricing in both the contract drilling and production services segments.
- Administrative expenses, excluding depreciation and stock based compensation, in the third quarter of 2015 decreased by $1.6 million (or 21%) to $6.2 million as compared to $7.8 million in the third quarter of 2014. The decrease in administrative expenses is due to lower employee related costs and cost control measures.
- As a result of the declining commodity price environment and reduced outlook for oilfield services activity and pricing, the Company recorded a $71.3 million goodwill impairment loss in the third quarter of 2015. $59.1 million of the goodwill impairment loss was recorded in the contract drilling segment, representing the full amount of goodwill allocated to the segment. Additionally, $12.2 million of the goodwill impairment loss was recorded in the production services segment, representing the full amount of goodwill allocated to the oilfield rental division.
- Net income decreased by $91.5 million to a loss of $76.8 million in the third quarter of 2015 (a loss of $1.04 per basic common share) as compared to net income of $14.7 million in the same period in 2014 ($0.20 per basic common share). The decrease is mainly attributed to the $71.3 million loss on goodwill impairment, a $34.7 million decrease in Adjusted EBITDA and a $0.5 million increase in finance and other costs, offset by a $7.8 million decrease in income tax expense and a decrease in depreciation expense of $7.2 million due to lower activity levels. Normalizing for the $71.3 million goodwill impairment loss, net income totalled a loss of $5.5 million (a loss of $0.08 per basic common share).
- Third quarter capital expenditures of $4.8 million included $2.3 million of expansion capital and $2.5 million of maintenance capital. The majority of the third quarter 2015 capital expenditures relate to the contract drilling segment, which incurred $3.2 million in capital expenditures. These expenditures mainly relate to the completion of Western's 2014 drilling rig build program, which totalled $1.7 million in the period relating to the construction of three Duvernay class drilling rigs. The remaining capital spending in the contract drilling segment related to maintenance capital. Additionally, $1.5 million was incurred in the production services segment relating to maintenance capital and the purchase of additional oilfield rental equipment.

- For the three months ended September 30, 2015, 801,300 common shares for a total cost of $4.1 million were repurchased, cancelled and charged to share capital under the Company's normal course issuer bid (the "NCIB").

Key operational results for the nine months ended September 30, 2015 include:

- Operating Revenues for the nine month period ended September 30, 2015 decreased by $168.9 million (or 49%) to $176.0 million as compared to $344.9 million in the same period of the prior year. In the nine month period ended September 30, 2015, Operating Revenues in the contract drilling segment decreased by $131.9 million (or 52%) to $123.3 million as compared to $255.2 million in the same period of the prior year, while in the production services segment, Operating Revenues decreased $38.0 million (or 42%) to $53.0 million as compared to $91.0 million in the same period of the prior year. The decrease in Operating Revenue is due to the decreased utilization and pricing in both the contract drilling and production services segments as described below:
    - Drilling rig utilization – Operating Days in Canada decreased to 28% in the nine months ended September 30, 2015 as compared to 58% in the nine months ended September 30, 2014, resulting in a 51% decrease in Operating Days as the decreased commodity price environment resulted in significant reductions in the capital spending programs of Western's customers. On a year to date basis, Operating Days for the Cardium class rigs decreased by 65% as compared to the same period in the prior year and were impacted to a greater extent by the competitive environment; whereas Operating Days for the Montney class rigs decreased by 49% and the Duvernay class rigs increased by 28% as compared to the same period in the prior year. Drilling rig utilization – Operating Days of 28% for the nine months ended September 30, 2015 reflects an approximate 400 bps premium to the CAODC industry average of 24%, as compared to the 1,400 bps premium realized in same period of 2014. The change relative to the CAODC industry average is due to a number of Western's customers, who typically have substantial drilling programs, significantly cutting their capital spending in 2015, which resulted in a lower premium to the CAODC industry average. Reduced activity and increased competition resulted in downward pricing pressure on day rates and resulted in Operating Revenue per Revenue Day in the contract drilling segment in Canada decreasing by 8% in 2015. Pricing pressure was generally more significant for the Cardium class rigs and less so for the Montney and Duvernay class rigs.
    - In the United States, drilling rig utilization – Operating Days decreased to 32% for the nine months ended September 30, 2015 as compared to 82% in the same period of the prior year. However, Operating Revenue per Revenue Day in the United States increased by approximately 15% for the nine months ended September 30, 2015 as one of Western's upgraded rigs worked throughout the period on a long term contract. Included in Operating Revenues in the contract drilling segment for the nine month period ended September 30, 2015 is US$4.5 million in shortfall commitment and standby revenue on idle but contracted rigs in the United States.
    - Well servicing utilization decreased by 2,200 bps to 31% in the nine month period ended September 30, 2015, as compared to 53% for the same period of the prior year. The decrease in utilization coupled with a 1% decrease in well servicing hourly rates, due to pricing pressure in all areas, resulted in a $38.0 million (or 42%) decrease in Operating Revenues in the production services segment for the nine months ended September 30, 2015.
- For the nine months ended September 30, 2015, Adjusted EBITDA decreased by $73.4 million (or 58%) to $53.0 million, as compared to $126.4 million in the nine months ended September 30, 2014. The decrease in Adjusted EBITDA is due to lower activity and pricing across all of Western's divisions, partially offset by Western's cost structure, with approximately 80% of costs being variable, and effective reductions of fixed overhead costs.
- Year to date administrative expenses, excluding depreciation and stock based compensation, decreased by $3.4 million (or 15%) to $19.6 million, as compared to $23.0 million in the same period of the prior year. The decrease in administrative expenses is due to lower employee related costs and cost control measures.
- Net income decreased by $118.7 million to a loss of $74.1 million for the nine months ended September 30, 2015 (a loss of $1.00 per basic common share) as compared to net income of $44.6 million ($0.60 per basic common share) for the same period in 2014. The decrease is mainly attributed to the $73.4 million decrease in Adjusted EBITDA and the $71.3 million loss on goodwill impairment, offset by a decrease in depreciation expense of $16.2 million due to lower activity levels, a decrease in income tax expense of $7.8 million due to lower taxable income, a decrease of $1.0 million on other items such as gains and losses on foreign exchange, asset sales and derivatives, and a decrease of $0.9 million in finance costs due to an increase in capitalized interest.
- Year to date capital expenditures of $30.3 million include $21.0 million of expansion capital and $9.3 million of maintenance capital. The majority of the capital expenditures for the nine months ended September 30, 2015 relate to the contract drilling segment, which incurred $24.3 million in capital expenditures. These expenditures mainly relate to the completion of Western's 2014 drilling rig build program, which totalled $18.9 million in the period relating to the construction of three Duvernay class drilling rigs. The remaining capital spending in the contract drilling segment relates

to maintenance capital. Additionally, capital expenditures totalled $5.9 million in the production services segment and related to the construction of one slant well servicing rig, the purchase of additional oilfield rental equipment, and maintenance capital of $3.6 million.

- For the nine months ended September 30, 2015, 1,258,200 common shares for a total cost of $6.6 million were repurchased, cancelled and charged to share capital, or contributed surplus as applicable, under the Company's NCIB. As at October 29, 2015, since the NCIB was initiated, 1,307,700 common shares, for a total cost of $6.8 million, have been repurchased, cancelled and charged to share capital, or contributed surplus, as applicable.

Subsequent Event

Given the current commodity price environment and limited visibility for oilfield service activity heading into 2016, the Board of Directors has reduced the quarterly dividend by 33%, to $0.05 per share, payable on January 14, 2016 to shareholders of record at the close of business on December 31, 2015. These dividends are eligible for Canadian income tax purposes. On a prospective basis, the declaration of dividends will be determined on a quarter-by-quarter basis by the Board of Directors.

Outlook

Currently, 8 of Western's 57 drilling rigs (or 14%) are operating under long term take-or-pay contracts providing a base level of future revenue, with 1 of these contracts expected to expire in 2015, 4 expected to expire in 2016 and 3 expected to expire in 2017. These contracts each typically generate between 250 and 350 Revenue Days per year.

Western's revised capital budget for 2015 is expected to total $38 million, a $4 million decrease from the previously disclosed $42 million. The revised capital budget is comprised of $23 million of expansion capital and $15 million of maintenance capital. The following table summarizes the 2015 revised capital budget, the capital spending incurred for the nine months ended September 30, 2015 and the remaining capital budget expected to be incurred throughout the remainder of 2015:

Capital Expenditures (stated in millions)	Revised 2015 Budget at July 30, 2015	Cancellations	Revised 2015 Budget at October 29, 2015	Nine months ended September 30, 2015 Capital Expenditures	Capital Budget Remaining
Expansion	23	-	23	(21)	2
Maintenance	19	(4)	15	(9)	6
Total Capital Expenditures	**42**	**(4)**	**38**	**(30)**	**8**

Expansion capital relates to the completion of three Duvernay class rigs, one of which is a 6,000m AC triple pad drilling rig and two of which are 5,000m telescopic double drilling rigs, as well as one slant well servicing rig carried forward from the 2014 capital budget. In addition, expansion capital includes $3 million related to the purchase of additional oilfield rental equipment. As a result of reduced activity, spending on maintenance capital has been weighted to the latter part of 2015, which provides flexibility to maintain Western's active rig fleet while allowing for additional reductions, if necessary, in the fourth quarter of 2015. Western believes the 2015 capital budget provides a prudent use of cash resources and ensures that it continues to maintain its balance sheet flexibility allowing for the execution on strategic opportunities as they arise. Western will continue to evaluate and expand its operations in a disciplined manner and make any required adjustments to its capital program as customer demand changes.

The continued pressure on crude oil and natural gas prices has resulted in reductions to the capital spending plans for the majority of Western's customers. In many cases, the capital spending reductions have been significant. As a result, active drilling rig counts in both Canada and the United States are currently at five year lows. Activity levels throughout the oilfield services industry for the fourth quarter of 2015 and the first quarter of 2016 are expected to be significantly lower as compared to the fourth quarter of 2014 and the first quarter of 2015 respectively, when the effect of the lower commodity price environment had not fully impacted Western's activity levels and pricing. Lower activity and pricing pressure will continue to impact Western's Adjusted EBITDA and cash flow from operating activities. Western's variable cost structure, under which approximately 80% of operating and administrative costs are variable, and a prudent capital budget will aid in preserving balance sheet strength. At September 30, 2015, Western's Net Debt to trailing 12 month Adjusted EBITDA ratio was 2.0. In addition to $56.6 million in cash and cash equivalents at September 30, 2015, Western has $175 million available on the Company's revolving credit facility (the "Revolving Facility"), which does not mature until December 17, 2018, $20 million available on the Company's operating demand revolving loan (the "Operating Facility"), and no principal repayments due on the $265 million Senior Notes until they mature on January 30, 2019. As such, Western is well positioned to manage the current slowdown in activity.

Oilfield service activity will be impacted by the development of resource plays in Alberta and northeast British Columbia including those related to liquefied natural gas projects, increased crude oil transportation capacity through rail and pipeline development and foreign investment into Canada. Currently, the largest challenge facing the oilfield service industry is customer spending constraints as a result of lower commodity prices. Western's view is that its modern drilling and well servicing rig fleets, strong customer base and reputation provide a competitive advantage which will enable the Company to continue its growth strategy and maintain its higher than industry average utilization.

Segmented Information

Western operates in the contract drilling segment in both Canada and the United States as well as in the production services segment in Canada. Contract drilling includes drilling rigs along with related equipment. Production services includes well servicing rigs and related equipment as well as oilfield rental equipment

Contract Drilling

	Three months ended Sept 30			Nine months ended Sept 30		
(stated in thousands)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue						
Operating Revenue[1]	30,921	86,735	(64%)	123,274	255,228	(52%)
Third party charges	1,851	5,514	(66%)	6,213	18,604	(67%)
Total revenue	32,772	92,249	(64%)	129,487	273,832	(53%)
Expenses						
Operating						
Cash operating expenses	22,242	53,984	(59%)	74,145	158,034	(53%)
Depreciation	6,206	12,178	(49%)	20,469	33,967	(40%)
Stock based compensation	120	129	(7%)	298	384	(22%)
Total operating expenses	28,568	66,291	(57%)	94,912	192,385	(51%)
Administrative						
Cash administrative expenses	3,606	4,348	(17%)	10,903	13,418	(19%)
Depreciation	95	58	64%	270	180	50%
Stock based compensation	152	150	1%	422	277	52%
Total administrative expenses	3,853	4,556	(15%)	11,595	13,875	(16%)
Gross Margin[1]	10,530	38,265	(72%)	55,342	115,798	(52%)
Gross Margin as a percentage of Operating Revenue	34%	44%	(23%)	45%	45%	-
Adjusted EBITDA[1]	6,924	33,917	(80%)	44,439	102,380	(57%)
Adjusted EBITDA as a percentage of Operating Revenue	22%	39%	(44%)	36%	40%	(10%)
Operating Earnings[1]	623	21,681	(97%)	23,700	68,233	(65%)
Capital expenditures	3,201	26,251	(88%)	24,277	67,281	(64%)
Canadian Operations						
Contract drilling rig fleet:						
Average	50	49	2%	49	49	-
End of period	52	49	6%	52	49	6%
Operating Revenue per Revenue Day[1]	21,135	24,887	(15%)	23,815	25,852	(8%)
Operating Revenue per Operating Day[1]	23,220	27,350	(15%)	26,221	28,343	(7%)
Operating Days[1]	1,176	2,692	(56%)	3,793	7,754	(51%)
Number of meters drilled	307,584	530,183	(42%)	818,650	1,538,653	(47%)
Number of wells drilled	75	158	(53%)	223	473	(53%)
Average Operating Days per well	15.7	17.0	(8%)	17.0	16.4	4%
Drilling rig utilization - Revenue Days[1]	28%	66%	(58%)	31%	64%	(52%)
Drilling rig utilization - Operating Days[1]	26%	60%	(57%)	28%	58%	(52%)
CAODC industry average utilization[1][2]	24%	46%	(48%)	24%	44%	(45%)
United States Operations						
Contract drilling rig fleet:						
Average	5	5	-	5	5	-
End of period	5	5	-	5	5	-
Operating Revenue per Revenue Day (US$)[1]	30,260	26,239	15%	29,140 [3]	25,385	15%
Operating Revenue per Operating Day (US$)[1]	32,341	29,348	10%	32,967 [3]	28,905	14%
Operating Days[1]	86	410	(79%)	442	1,121	(61%)
Number of meters drilled	21,683	99,524	(78%)	119,906	257,815	(53%)
Number of wells drilled	3	18	(83%)	21	47	(55%)
Average Operating Days per well	28.7	22.8	26%	21.0	24.0	(13%)
Drilling rig utilization - Revenue Days[1]	20%	100%	(80%)	37%	94%	(61%)
Drilling rig utilization - Operating Days[1]	19%	89%	(79%)	32%	82%	(61%)

(1) See "Non-IFRS measures" on page 17 of this MD&A.

(2) Source: CAODC. The CAODC industry average is based on Operating Days divided by total available days.

(3) Excludes shortfall commitment and standby revenue from take or pay contracts of US$4.5 million for the nine months ended September 30, 2015.

During the third quarter of 2015, Operating Revenues in the contract drilling segment totalled $30.9 million, a $55.8 million decrease (or 64%), as compared to the third quarter of 2014. Reduced demand for the Company's contract drilling services in both Canada and the United States, due to the decreased commodity price environment, led to significantly lower year over year activity and has put downward pressure on day rates in Canada and the United States. Operating Revenue per Revenue Day in Canada decreased 15% in the third quarter of 2015, as compared to the third quarter of 2014. However, in the United States, one of Western's upgraded rigs worked throughout the quarter on a long term contract, resulting in an increase in Operating Revenue per Revenue Day during the third quarter.

For the nine months ended September 30, 2015, Operating Revenues in the contract drilling segment totalled $123.3 million, a $131.9 million decrease (or 52%), as compared to the nine months ended September 30, 2014. Included in Operating Revenues in the nine months ended September 30, 2015 is US$4.5 million of shortfall commitment and standby revenue on idle but contracted rigs in the United States. Reduced demand for contract drilling services in both Canada and the United States, due to the decreased commodity price environment, led to significantly lower year over year activity and has put downward pressure on day rates in Canada and the United States. However, changes in the Company's active rig mix, weighted to the Montney and Duvernay class rigs in the fleet, which command higher day rates, helped to offset some of the decrease in average day rates.

During the third quarter of 2015, Adjusted EBITDA in the contract drilling segment decreased by $27.0 million (or 80%) to $6.9 million, as compared to $33.9 million in the third quarter of 2014, due to the decrease in Operating Days in both Canada and the United States, coupled with the decrease in Operating Revenue per Revenue Day in Canada of 15%, partially offset by the increase in Operating Revenue per Revenue Day in the United States and cost control measures in both Canada and the United States.

During the nine months ended September 30, 2015, Adjusted EBITDA in the contract drilling segment decreased by $58.0 million (or 57%) to $44.4 million, as compared to $102.4 million in the same period of 2014, mainly due to the decrease in Operating Days in both Canada and the United States, coupled with an 8% decrease in Operating Revenue per Revenue Day in Canada. The decrease in activity in both Canada and the United States and the decrease in pricing in Canada, were partially offset by the increase in Operating Revenue per Revenue Day in the United States, the US$4.5 million in shortfall commitment and standby revenue on idle but contracted rigs and cost control measures in both Canada and the United States.

For the three months ended September 30, 2015, cash administrative expenses, which exclude depreciation and stock based compensation, decreased 17% to $3.6 million, compared to $4.3 million for the three months ended September 30, 2014. For the nine months ended September 30, 2015, cash administrative expenses decreased 19% to $10.9 million, compared to $13.4 million in the prior year. The decrease for both the three and nine months ended September 30, 2015 is mainly due to lower employee costs and effective cost control measures.

As compared to the same periods of the prior year, depreciation expense in the contract drilling segment for the third quarter of 2015 decreased by $5.9 million to $6.3 million, while for the nine months ended September 30, 2015 depreciation expense decreased by $13.4 million to $20.7 million. The decrease for both the three and nine months ended September 30, 2015 is due to the decrease in Operating Days in the respective periods as compared to the same periods of the prior year.

Capital expenditures in the contract drilling segment totalled $3.2 million in the third quarter of 2015 and include $2.0 million related to expansion capital and $1.2 million related to maintenance capital. For the nine months ended September 30, 2015, contract drilling capital expenditures totalled $24.3 million and include $18.9 million related to expansion capital and $5.4 million related to maintenance capital. Of the expansion capital incurred for the three and nine months ended September 30, 2015, substantially all relates to the completion of the Company's 2014 rig build program related to the construction of three Duvernay class drilling rigs, all of which were commissioned during the third quarter of 2015.

As a result of the declining commodity price environment and reduced outlook for drilling activity and pricing, the Company recorded a $59.1 million goodwill impairment loss in the third quarter of 2015 in the contract drilling segment, representing the full amount of goodwill allocated to the segment.

Canadian Operations

During the third quarter of 2015, drilling rig utilization – Operating Days in Canada decreased to 26% as compared to 60% in the third quarter of 2014. The decrease in utilization is due to reduced customer spending, resulting in a 56% decrease in the Company's Operating Days to 1,176 days in the third quarter of 2015, as compared to 2,692 days in the third quarter of 2014. The majority of the decrease in Operating Days relates to Western's Cardium class rigs which operate in a highly competitive environment, as approximately 64% of all rigs in the WCSB are classified as Cardium class rigs. Operating Days on these drilling rigs decreased by 73% for the three months ended September 30, 2015, as compared to the same period in the prior year, while Operating Days on Western's Montney and Duvernay class rigs, which typically operate in unconventional resource plays, were impacted to a lesser extent, decreasing by 49% and 20% respectively. The Company's drilling rig utilization – Operating Days in Canada of 26% in the third quarter of 2015 reflects an approximate 200 bps premium to the

CAODC industry average of 24%, as compared to the 1,400 bps premium realized in the third quarter of 2014. The change relative to the CAODC industry average is due to a number of Western's larger customers, who typically have substantial drilling programs, significantly cutting their capital spending in 2015, which resulted in a lower premium to the CAODC industry average.

During the nine months ended September 30, 2015, drilling rig utilization – Operating Days in Canada decreased to 28% as compared to 58% for the nine months ended September 30, 2014. The decrease in utilization is due to reduced demand, resulting in a 51% decrease in the Company's Operating Days to 3,793 days in 2015, as compared to 7,754 days in 2014. The majority of the decrease in Operating Days relates to Western's Cardium class rigs which typically operate in highly competitive conventional resource plays. Operating Days on these drilling rigs decreased by 65% for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014, while Operating Days on Western's Montney and Duvernay class rigs, which typically operate in unconventional resource plays, were impacted to a lesser extent, decreasing by 49% and increasing by 28% respectively. The Company's drilling rig utilization – Operating Days in Canada of 28% for the nine months ended September 30, 2015 reflects an approximate 400 bps premium to the CAODC industry average of 24%, as compared to the 1,400 bps premium realized for the nine months ended September 30, 2014. The decrease in the Company's utilization premium from the nine months ended September 30, 2014 is partially due to a reduction in the industry rig count from 815 rigs at September 30, 2014 to 763 rigs at September 30, 2015 as competitors continue to decommission older shallower rigs given the current market conditions. From the end of the third quarter of 2014 to the end of the third quarter of 2015, 66 drilling rigs were added to the industry fleet with 118 drilling rigs being removed by decommissioning or movement out of the WCSB, for a net impact of 52 fewer drilling rigs year over year. Of the rigs added year over year, the majority of new additions are higher specification drilling rigs that directly compete with Western's drilling rig fleet, which impacts Western's utilization premium to the industry average. Additionally, the first quarter of 2014 benefited from a strong start up of customer capital programs following a strong fourth quarter of 2013, whereas the first nine months of 2015 were impacted by customer capital spending cuts, resulting in an early end to first quarter activity and a delayed start to the summer drilling season which has also seen lower year over year activity. The Company's utilization premium for the nine months ended September 30, 2015, as compared to the CAODC industry average, is attributable to the efforts by the Company's marketing group to reposition the Company's rigs with new customers, thereby increasing the Company's customer base and maintaining Western's premium to the CAODC average.

For the three months ended September 30, 2015, Operating Revenue per Revenue Day in Canada totalled $21,135 compared to $24,887 in the same period of the prior year, a 15% decrease. The decreased commodity price environment and increased competition in the contract drilling industry resulted in downward pricing pressure, decreasing day rates on most rig categories in Canada, except for Western's Duvernay class rigs which, due to rig mix, improved in the third quarter of 2015. Third party charges per Revenue Day decreased in the third quarter of 2015 to approximately $1,400 per Revenue Day as compared to approximately $1,800 per Revenue Day in the third quarter of 2014, mainly due to lower fuel prices.

For the nine months ended September 30, 2015, Operating Revenue per Revenue Day in Canada totalled $23,815 compared to $25,852 in the same period of the prior year, an 8% decrease. While downward pricing pressure decreased day rates in Canada, Operating Days on the Company's Montney and Duvernay class rigs, which command higher day rates, increased as a percentage of the Company's total Operating Days. The increased proportion of Operating Days from these drilling rigs, specifically in the first quarter of 2015, partially offset some of the industry pricing pressure resulting in only an 8% decrease in Operating Revenue per Revenue Day in Canada for the nine months ended September 30, 2015. Third party charges per Revenue Day decreased for the nine months ended September 30, 2015 to approximately $1,300 per Revenue Day as compared to approximately $2,100 per Revenue Day for the same period in 2014, mainly due to lower fuel prices.

United States Operations

In the United States in the third quarter of 2015, Operating Days decreased by 324 days (or 79%) resulting in drilling rig utilization – Operating Days decreasing to 19% compared to 89% in the same period in the prior year. For the nine month period ended September 30, 2015, Operating Days decreased by 679 days (or 61%) resulting in drilling rig utilization – Operating Days decreasing to 32% compared to 82% in the same period in the prior year. The decrease for the three and nine month periods ended September 30, 2015 is due to reduced activity resulting from the decreased commodity price environment, where in the Williston basin in North Dakota, drilling rig counts decreased by approximately 67% to 66 active drilling rigs in the third quarter of 2015, as compared to 198 active drilling rigs in the same period of 2014.

During the third quarter of 2015, Operating Revenues per Revenue Day in the United States increased by 15% to US$30,260, as one of Western's upgraded rigs worked throughout the quarter on a long term contract. The increased day rates partially offset the decline in utilization in the third quarter of 2015.

For the nine months ended September 30, 2015, Operating Revenues per Revenue Day in the United States increased by 15% to US$29,140, as day rates on Western's upgraded rig fleet have improved from the same period of the prior year. Western's upgraded rigs worked a greater percentage of the US fleet's total Operating Days for the nine months ended September 30, 2015 relative to the same period in 2014, resulting in increased Operating Revenue per Revenue Day for the nine months ended September 30, 2015. The increased day rates and shortfall commitment and standby revenue on idle but contracted rigs of US$4.5 million partially offset the decline in utilization for the nine months ended September 30, 2015.

Production Services

	Three months ended Sept 30			Nine months ended Sept 30		
(stated in thousands)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue						
Operating Revenue(1)	13,448	31,463	(57%)	53,025	90,957	(42%)
Third party charges	758	1,751	(57%)	2,606	5,079	(49%)
Total revenue	14,206	33,214	(57%)	55,631	96,036	(42%)
Expenses						
Operating						
Cash operating expenses	10,451	20,909	(50%)	38,394	62,429	(38%)
Depreciation	2,585	3,864	(33%)	8,571	11,284	(24%)
Stock based compensation	99	65	52%	264	227	16%
Total operating expenses	13,135	24,838	(47%)	47,229	73,940	(36%)
Administrative						
Cash administrative expenses	1,759	2,034	(14%)	5,116	5,871	(13%)
Depreciation	105	105	-	313	311	1%
Stock based compensation	90	145	(38%)	257	294	(13%)
Total administrative expenses	1,954	2,284	(14%)	5,686	6,476	(12%)
Gross Margin(1)	3,755	12,305	(69%)	17,237	33,607	(49%)
Gross margin as a percentage of Operating Revenue	28%	39%	(28%)	33%	37%	(11%)
Adjusted EBITDA(1)	1,996	10,271	(81%)	12,121	27,736	(56%)
Adjusted EBITDA as a percentage of Operating Revenue	15%	33%	(55%)	23%	30%	(23%)
Operating Earnings (Loss)(1)	(694)	6,302	(111%)	3,237	16,141	(80%)
Capital expenditures	1,481	4,734	(69%)	5,921	10,091	(41%)
Well servicing rig fleet:						
Average	66	65	2%	66	65	2%
End of period	66	65	2%	66	65	2%
Service rig Operating Revenue per Service Hour(1)	712	804	(11%)	799	810	(1%)
Service Hours(1)	15,565	33,071	(53%)	55,873	93,313	(40%)
Service rig utilization (1)	26%	55%	(53%)	31%	53%	(42%)

(1) See "Non-IFRS measures" on page 17 of this MD&A.

The Company's production services segment includes Eagle's well servicing fleet, which currently totals 66 rigs, as well as Aero's oilfield rental equipment. During the third quarter of 2015, Operating Revenue decreased by $18.1 million (or 57%) to $13.4 million, compared to $31.5 million in the third quarter of 2014. For the quarter ended September 30, 2015, Eagle's contribution to Operating Revenue in the production services segment decreased by $15.5 million (or 58%) to $11.1 million as compared to $26.6 million in the same period of the prior year, whereas Aero's contribution to Operating Revenue in the production services segment decreased by $2.5 million (or 51%) to $2.4 million, compared to $4.9 million in the third quarter of 2014. Operating Revenue decreased for the nine months ended September 30, 2015 by $38.0 million (or 42%) to $53.0 million, compared to $91.0 million in the same period of the prior year. For the nine months ended September 30, 2015, Eagle's contribution to Operating Revenue in the production services segment decreased by $30.9 million (or 41%) to $44.7 million as compared to $75.6 million in the same period of the prior year, whereas Aero's contribution to Operating Revenue in the production services segment decreased by $7.0 million (or 45%) to $8.4 million, compared to $15.4 million in the same period of the prior year. The decrease in Operating Revenue for both Eagle and Aero for the three and nine months ended September 30, 2015, as compared to the same periods in the prior year, is due to reduced customer spending resulting from the decreased commodity price environment, leading to lower activity.

Despite the significant decrease in activity, Eagle continued to gain market share in 2015, as the CAODC reported that Eagle worked the fourth most Service Hours in the WCSB for the nine months ended September 30, 2015, while comparatively having the sixth largest well servicing rig fleet. Service Hours have decreased by 53% in the third quarter of 2015 to 15,565

(26% utilization) as compared to 33,071 (55% utilization) in the same period of the prior year. Service rig Operating Revenue per Service Hour in the third quarter of 2015 decreased by 11% to $712 as compared to $804 in the same period of the prior year, as Eagle has experienced pricing pressure across all operating areas in the third quarter of 2015.

Service Hours have decreased by 40% for the nine months ended September 30, 2015 to 55,873 (31% utilization) as compared to 93,313 (53% utilization) in the same period of the prior year. Service rig Operating Revenue per Service Hour decreased by 1% for the nine months ended September 30, 2015 to $799 compared to $810 in the same period of the prior year. While Eagle has experienced pricing pressure across all operating areas, average hourly rates have declined marginally year over year, as an increased proportion of Service Hours were completed in geographic areas that generate higher hourly rates.

Adjusted EBITDA decreased to $2.0 million during the third quarter of 2015 from $10.3 million in the third quarter of 2014. During the nine months ended September 30, 2015, Adjusted EBITDA decreased to $12.1 million from $27.7 million for the nine months ended September 30, 2014. The decrease in Adjusted EBITDA for both the three and nine months ended September 30, 2015 is mainly due to the decreased commodity price environment impacting the demand and pricing for the Company's services.

As a result of lower employee costs and cost control measures, during the third quarter of 2015, cash administrative expenses, which exclude depreciation and stock based compensation, decreased by 14% to $1.8 million as compared to $2.0 million in the same period of the prior year. For the same reasons, during the nine months ended September 30, 2015, cash administrative expenses, decreased by 13% to $5.1 million as compared to $5.9 million in the same period of the prior year.

In the three and nine months ended September 30, 2015, depreciation expense decreased by 15% and 18% respectively, to $2.7 million and $8.9 million respectively, mainly due to fewer service rig hours compared to the same periods of the prior year.

During the three months ended September 30, 2015, capital expenditures in the production services segment totalled $1.5 million and mainly related to maintenance capital, and the purchase of additional oilfield rental equipment. During the nine months ended September 30, 2015, capital expenditures in the production services segment totalled $5.9 million and related to expansion capital associated with the construction of one slant well servicing rig, the purchase of additional oilfield rental equipment and maintenance capital of $3.6 million. During the first quarter of 2015, Eagle commissioned the slant well servicing rig previously under construction and now has a fleet of 66 well servicing rigs.

As a result of the declining commodity price environment and reduced outlook for oilfield rental activity, the Company recorded a $12.2 million goodwill impairment loss in the third quarter of 2015 in the production services segment, representing the full amount of goodwill allocated to the oilfield rental division.

Corporate

	Three months ended Sept 30			Nine months ended Sept 30		
(stated in thousands)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Administrative						
Cash administrative expenses	840	1,406	(40%)	3,588	3,758	(5%)
Depreciation	264	285	(7%)	795	841	(5%)
Stock based compensation	738	623	18%	1,920	1,183	62%
Total administrative expenses	1,842	2,314	(20%)	6,303	5,782	9%
Finance costs	5,508	5,155	7%	15,029	15,885	(5%)
Other items	(75)	(218)	(66%)	(1,488)	384	(488%)
Income taxes						
Current tax (recovery) expense	(2,269)	1,986	(214%)	(6,040)	5,787	(204%)
Deferred tax expense	22	3,538	(99%)	14,765	10,739	37%
Total income tax (recovery) expense	(2,247)	5,524	(141%)	8,725	16,526	47%
Operating loss [1]	(1,104)	(1,691)	35%	(4,383)	(4,599)	5%
Capital expenditures	70	159	(56%)	105	161	(35%)

(1) See "Non-IFRS measures" on page 17 of this MD&A.

Corporate cash administrative expenses, which exclude depreciation and stock based compensation, for the three and nine month periods ended September 30, 2015 decreased by 40% and 5% respectively, to $0.8 million and $3.6 million respectively. The more significant decrease in the third quarter of 2015 is the result of lower employee related costs.

For the three month period ended September 30, 2015, finance costs on a consolidated basis increased by $0.3 million to $5.5 million, mainly due to lower capitalized interest related to Western's rig build program in the third quarter of 2015, as compared to the third quarter of 2014. For the nine month period ended September 30, 2015, finance costs on a consolidated basis decreased by $0.9 million, as compared to the same period in the prior year, due to higher capitalized interest in the first six months of 2015 related to Western's capital program. The Company had an effective interest rate of 8.4% on its borrowings throughout 2014 and during the nine months ended September 30, 2015.

Other items for the three and nine months ended September 30, 2015 reflect net gains of $0.1 million and $1.5 million respectively, consisting of gains and losses on foreign exchange, asset sales and derivatives.

For the three months ended September 30, 2015, income taxes on a consolidated basis totalled a recovery of $2.2 million and represented an effective tax rate of 2.8%, as compared to 27.3% during the three months ended September 30, 2014. Normalizing for the goodwill impairment loss of $71.3 million, Western's effective tax rate was 28.8%. The current tax recovery for the three months ended September 30, 2015 of $2.2 million is mainly due to the recognition of tax losses during the period, expected to be carried back to prior taxation years.

For the nine months ended September 30, 2015, income taxes on a consolidated basis totalled $8.7 million representing an effective tax rate of negative 13.3% as compared to 27.0% in the same period of 2014. For the nine months ended September 30, 2015, the effective tax rate was impacted by the goodwill impairment loss of $71.3 million. The effective tax rate was also impacted by the increase in the Alberta corporate tax rate to 12% from 10% previously, which received Royal Assent in the second quarter of 2015, and resulted in an approximate $6.0 million increase to deferred income tax expense in the period. Additionally, due to a loss in earnings before tax in the nine months ended September 30, 2015 and earnings before tax being significantly lower as compared to the same period in the prior year, adjustments made in calculating tax expense for non deductible items such as stock based compensation, had a greater impact on the effective tax rate during the nine months ended September 30, 2015. The effective tax rate for the nine months ended September 30, 2015 was also impacted by a higher proportion of taxable income earned in the United States which has higher corporate tax rates. Normalizing for these items, the Company's effective tax rate for the nine months ended September 30, 2015 is approximately 37%.

Liquidity and Capital Resources

The Company's liquidity needs in the short term and long term can be sourced in several ways including: available cash balances, funds from operations, borrowing against existing credit facilities, new debt instruments, equity issuances and proceeds from the sale of assets. As at September 30, 2015, Western had cash and cash equivalents of $56.6 million, a decrease of $6.1 million from December 31, 2014. As a result, Western's consolidated Net Debt balance at September 30, 2015 was $208.5 million, an increase of $5.9 million as compared to December 31, 2014. During the nine months ended September 30, 2015, Western had Adjusted EBITDA of $53.0 million and a positive change in non-cash working capital of $21.3 million mainly due to the collection of prior year receivables, which was offset by capital expenditures of $30.3 million, dividend payments of $16.8 million, cash interest payments of $19.2 million, income tax payments of $8.4 million and shares repurchased under the Company's NCIB of $6.6 million.

As at September 30, 2015, Western had a working capital balance of $71.7 million, a $6.6 million decrease as compared to December 31, 2014. As at September 30, 2015, the Company has $265.0 million in Senior Notes outstanding, $195.0 million in available credit facilities and is in compliance with all debt covenants. Currently, Western's Net Debt to trailing 12 month Adjusted EBITDA is 2.0 with no scheduled long term debt repayments until January 2019. As such, cash from operations coupled with Western's working capital, including cash balances, and available credit facilities are expected to be sufficient to cover Western's financial obligations including the revised 2015 capital budget.

For the three months ended September 30, 2015, the Company had two customers comprising 12.0% and 10.1% respectively, of the Company's total revenue. The trade receivable balance relating to these customers as at September 30, 2015 represented 8.6% and 6.8% respectively, of the Company's total trade and other receivables. These two customers are publicly traded companies with market capitalizations each in excess of $20 billion at September 30, 2015. One of these previously mentioned customers was also a significant customer for the nine months ended September 30, 2015, comprising 11.8% of the Company's total revenue. For the three and nine months ended September 30, 2014, the Company had one significant customer comprising 12.8% and 13.5% respectively, of the Company's total revenue. The Company's significant customers may change quarter to quarter.

Summary of Quarterly Results

In addition to other market factors, quarterly results of Western are markedly affected by weather patterns throughout its operating areas. Historically, the first quarter of the calendar year is very active, followed by a much slower second quarter due to what is known in the Canadian oilfield service industry as "spring breakup", where due to the spring thaw, provincial and county road bans restrict movement of heavy equipment. As a result of this, the variation of Western's results on a quarterly basis, particularly in the first and second quarters, can be significant quarter over quarter independent of other demand factors. The following is a summary of selected financial information of the Company for the last eight completed quarters.

Three months ended	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013
(stated in thousands, except per share amounts)								
Revenue	46,959	32,037	105,850	139,210	125,225	81,981	161,416	129,713
Operating Revenue[(1)]	44,350	30,719	100,958	129,181	117,960	77,352	149,627	119,831
Gross Margin[(1)]	14,285	10,403	47,891	57,826	50,570	31,206	67,629	52,980
Adjusted EBITDA[(1)]	8,080	4,255	40,637	50,419	42,782	24,028	59,548	43,543
Cash flow from operating activities	(530)	41,009	39,337	47,830	22,975	71,912	38,634	36,866
Net income (loss)	(76,816)	(12,607)	15,294	(8,164)	14,718	4,396	25,500	15,797
per share - basic	(1.04)	(0.17)	0.20	(0.11)	0.20	0.06	0.35	0.22
per share - diluted	(1.04)	(0.17)	0.20	(0.11)	0.19	0.06	0.34	0.21
Total assets	947,137	1,025,776	1,049,145	1,057,118	1,040,973	1,016,112	1,019,192	986,792
Long term debt	264,219	264,234	264,207	264,165	263,624	263,293	263,119	262,877
Dividends declared	5,526	5,591	5,593	5,614	5,615	5,609	5,538	5,504

(1) See "Non-IFRS measures" on page 17 of this MD&A.

Revenues were impacted by lower commodity prices in the first, second and third quarters of 2015. Prior to the first quarter of 2015, with the exception of lower activity in the second quarter of 2014, due to the seasonal nature of the oilfield service industry in Canada, revenues increased significantly due to the Company's capital spending program and increased activity in both the contract drilling and production services segments throughout 2013 and 2014.

Adjusted EBITDA has followed a similar trend to revenue, steadily increasing after spring breakup in the second quarters through the third and fourth quarters and into the first quarter. Adjusted EBITDA is generally highest in the first quarter when activity is the highest. Adjusted EBITDA was impacted significantly in the first, second, and third quarters of 2015 due to the decreased commodity price environment resulting in customers delaying or cancelling their capital programs. Adjusted EBITDA continuously improved from the fourth quarter of 2013 through to the first quarter of 2014, while being impacted by spring breakup in Canada in the second quarter of 2014. Adjusted EBITDA was impacted by spring breakup to a much lesser extent in the second quarter of 2014 than in past second quarters, due to favourable weather conditions, increased pad drilling, improved commodity prices, and a weaker Canadian dollar leading to more customers drilling through spring breakup.

Net income has fluctuated throughout the last eight quarters due to the seasonal nature of the oilfield service industry in Canada. The Company recorded a net loss in the fourth quarter of 2014 due to impairment losses of $22.7 million on goodwill and $7.2 million on property and equipment. Additionally, the Company recorded a net loss in the third quarter of 2015 mainly due to goodwill impairment losses of $71.3 million.

Total assets of the Company have remained relatively constant throughout the last eight quarters as capital spending has been largely offset by depreciation and the impairment losses on goodwill and property and equipment recorded in the fourth quarter of 2014.

Contractual Obligations

In the normal course of business the Company incurs contractual obligations. The expected maturities of the Company's contractual obligations as at September 30, 2015 are as follows:

(stated in thousands)	2015	2016	2017	2018	2019	Thereafter	Total
Senior Notes	$ -	$ -	$ -	$ -	$ 265,000	$ -	$ 265,000
Senior Notes interest	-	20,869	20,869	20,869	10,434	-	73,041
Trade payables and other current liabilities	23,969	-	-	-	-	-	23,969
Dividends payable	5,526	-	-	-	-	-	5,526
Operating leases	1,138	3,722	2,870	2,715	2,667	12,149	25,261
Purchase commitments	2,125	-	-	-	-	-	2,125
Other long term debt	278	908	626	71	-	-	1,883
Total	$ 33,036	$ 25,499	$ 24,365	$ 23,655	$ 278,101	$ 12,149	$ 396,805

There have been no material changes in the contractual obligations detailed above, other than in the normal course of business, during the current interim period.

Outstanding Share Data

	October 29, 2015	September 30, 2015	December 31, 2014
Common shares outstanding	73,659,292	73,684,965	74,866,028
Restricted share units outstanding	778,405	777,184	304,336
Stock options outstanding	6,272,764	6,463,425	5,093,972

Off Balance Sheet Arrangements

As at September 30, 2015, Western had no off balance sheet arrangements in place.

Transactions with Related Parties

During the three and nine months ended September 30, 2015, the Company had no transactions with related parties.

Financial Instruments

Fair Values

All financial instruments are measured at fair value upon initial recognition of the transaction. Measurement in subsequent periods is dependent on whether the instrument is classified as a "financial asset or financial liability at fair value through profit or loss", "available-for-sale financial assets", "held-to-maturity investments", "loans and receivables", or "other financial liabilities".

The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives embedded in other instruments or host contracts are separated from the host contract and accounted for separately when their economic characteristics and risks are not closely related to the host contract. Embedded derivatives are recorded on the balance sheet at their estimated fair value and changes in the fair value are recorded through net income. The asset is recognized in other assets on the balance sheet while a change in the value of the embedded derivative is included in other items within net income.

The Company has the following non-derivative financial assets:

(i) Financial assets at fair value through profit or loss:

Cash and cash equivalents is held for trading within the fair value through profit or loss category. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in net income.

(ii) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value adjusted for any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company's trade and other receivables are categorized as loans and receivables.

(iii) Available for sale:

From time to time, the Company may have certain equity investments in publicly traded entities. Investments that have a quoted price in an active market are measured at fair value with changes in fair value recognized in other comprehensive income. When the investment is ultimately sold, any gains or losses are recognized in net income and any unrealized gains or losses previously recognized in other comprehensive income are reversed.

The Company has the following non-derivative financial liabilities:

(i) Other financial liabilities:

Trade and other payables, finance lease obligations, the Senior Notes and credit facilities are classified as "other financial liabilities". Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Other financial liabilities, including the Senior Notes, are subsequently measured at amortized cost using the effective interest method. Transaction costs incurred with respect to the credit facilities are deferred and amortized using the straight-line method over the term of the facility. The asset is recognized in other assets on the balance sheet while the amortization is included in finance costs within net income.

(ii) Equity instruments:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Credit Risk

The Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risk. The Company's practice is to manage credit risk by performing a detailed analysis of the credit worthiness of new customers before the Company's standard payment terms are offered. Additionally, the Company constantly reviews individual customer trade receivables, taking into consideration payment history and the aging of the receivable to monitor collectability. The Company records an allowance for doubtful accounts if an account is determined to be uncollectible. Any provisions recorded by the Company are reviewed regularly to determine if any of the balances provided for should be written off. The allowance for doubtful accounts could materially change as a result of fluctuations in the financial position of the Company's customers.

Interest Rate Risk

The Company is exposed to interest rate risk on debt subject to floating interest rates, such as the Company's credit facilities, which are currently undrawn.

Foreign Exchange Risk

The Company is exposed to foreign exchange fluctuations in relation to its US dollar capital expenditures and US operations. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary. From time-to-time the Company may use forward foreign currency contracts to hedge against these fluctuations.

Liquidity Risk

Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become due. To manage liquidity risk, the Company forecasts operational results and capital spending on a regular basis. Variances between actual results and forecast are continually monitored to assess the Company's ability to meet its financial obligations.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

As Western's common shares trade on the Toronto Stock Exchange, per National Instrument 52-109, CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company have certified as at September 30, 2015 that they have designed or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and the CFO by others within those entities, particularly during the periods in which the interim filings of the Company are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The CEO and CFO do not expect that the DC&P will prevent or detect all errors, misstatements and fraud but are designed to provide reasonable assurance of achieving their objectives. A control system, no matter how well designed or operated, can only provide reasonable, but not absolute, assurance that the objectives of the control system are met. In addition to DC&P, the CEO and CFO have designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

During the three months ended September 30, 2015, there were no changes in internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Critical Accounting Estimates

This MD&A of the Company's financial condition and results of operations is based on the condensed consolidated financial statements for the three and nine months ended September 30, 2015, which were prepared in accordance with IFRS. The presentation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of provisions at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and judgements are based on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Anticipating future events cannot occur with absolute certainty, therefore these estimates may change as new events occur, more experience is acquired and as the Company's operating environment changes. The Company's key accounting estimates relate to business combinations, impairment, depreciation, current and deferred taxes and the determination of the fair value of share based payments.

The accounting estimates believed to be the most difficult, subjective or require complex judgements and which are the most critical to the reporting of results of operations and financial positions of the Company are as follows:

Business Combinations

The Company assesses the fair values of the net assets acquired based on management's best estimate of market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the organization that may lead to impairment of assets. Where an impairment indicator exists, or annually in the case of goodwill, the recoverable amount of the asset or cash generating unit is determined. The application of judgement is required in determining if an impairment test is required. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets. Impairment losses on goodwill are not reversed. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required. Value-in-use and fair value less cost to sell calculations performed in assessing the recoverable amounts incorporate a number of key estimates. As at September 30, 2015, the Company completed its assessments and recognized a goodwill impairment loss of $71.3 million in the third quarter of 2015. There were no impairment losses to property and equipment, or reversals of previous property and equipment impairment losses, in the three and nine month periods ended September 30, 2015.

Depreciation

The Company's property and equipment is depreciated based upon estimates of useful lives and salvage values. These estimates are based on industry practice and the Company's own experience and may change as more experience is gained, market conditions shift or new technological advancements are made.

The componentization of the Company's property and equipment, specifically drilling rig equipment and well servicing rig equipment, is based on management's judgment as to which components constitute a significant cost in relation to the entire item. The componentization process also requires management's judgement in assessing whether individual components have similar consumption patterns and useful lives.

Income taxes

Preparation of the consolidated financial statements involves determining an estimate of, or provision for, income taxes in each of the jurisdictions in which the Company operates. The process also involves making an estimate of taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred taxes. Deferred taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the consolidated balance sheet as deferred tax assets and liabilities. An assessment must also be made to determine the likelihood that the Company's future taxable income will be sufficient to permit the recovery of deferred tax assets. To the extent that such recovery is not probable, recognized deferred tax assets must be reduced to the recoverable amount. Judgement is required in determining the provision for income taxes and recognition of deferred tax assets and liabilities. Management must also exercise judgement in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Share based payments

Stock based compensation expense associated with stock options and equity settled restricted share units granted is based on various assumptions, using the Black-Scholes option pricing model to calculate an estimate of fair value. The inputs into the model include interest rates, expected life, expected volatility, expected forfeitures, expected dividends and share prices and these inputs affect the estimated fair value calculated. Determining the estimated expected life, volatility, forfeitures and expected dividends requires management's judgement.

Business Risks

For a comprehensive listing of the Company's business risks please see the most recent Annual Information Form for the year ended December 31, 2014 as filed on SEDAR at www.sedar.com. The Company's primary business risks as at September 30, 2015 are as follows:

- The Company's business relies on the oil and gas exploration and production industry which is subject to a number of risks including general economic conditions, fluctuations in demand and supply of oil and gas production, fluctuations in commodity prices, competition and increases in operating costs. In addition, changes may occur in government regulations, including regulations relating to foreign acquisitions, prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and natural gas and environmental protection for the oil and gas industry as a whole. Risks impacting the oil and gas exploration and production industry, including the ability of oil and gas companies to accumulate capital or variations in their exploration and development budgets, may also affect the Company's business. The exact impact of these risks cannot be accurately predicted.
- In addition to global economic events and uncertainty, the capacity within North America to ship commodities to market introduces uncertainties in levels of activity and pricing for oil and natural gas production.
- The Company is vulnerable to market prices. Fixed costs, including costs associated with operations, leases, and labour costs account for a significant portion of the Company's expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, or other factors could significantly affect its financial results.
- Competition among related oilfield service companies is significant. Some competitors are larger and have greater revenues than the Company and overall greater financial resources. The Company's ability to generate revenues depends on its ability to attract and win contracts and to perform services.
- Currently, the Company is focused on providing services in the WCSB as well as certain geographic areas in the United States, which may expose the Company to more extreme market fluctuations relating to items such as weather and general economic conditions which may be more extreme than the broader industry conditions.
- The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company.
- The Company's business is subject to the operating risks inherent to the oilfield service industry. On occasion, substantial liabilities to third parties may be incurred. The Company will have the benefit of insurance maintained by it and industry standard contracts, however, it may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.
- The oilfield service industry has experienced a high degree of invention and innovation. It is possible that new technology will be developed which will compete with the Company's products and services.
- A portion of the operations of the Company are in the United States which subject the Company to currency fluctuations and different tax and regulatory laws.

Non-IFRS Measures

Western uses certain measures in this MD&A which do not have any standardized meaning as prescribed by IFRS. These measures which are derived from information reported in the condensed consolidated financial statements may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company. These Non-IFRS measures are identified and defined as follows:

Operating Revenue

Management believes that in addition to revenue, Operating Revenue is a useful supplemental measure as it provides an indication of the revenue generated by Western's principal operating activities, excluding flow through third party charges such as rig fuel, which at the customer's request may be paid for initially by Western, then recharged in its entirety to Western's customers.

Gross Margin

Management believes that in addition to net income, Gross Margin is a useful supplemental measure as it provides an indication of the results generated by Western's principal operating activities prior to considering administrative expenses, depreciation and amortization, how those activities are financed, the impact of foreign exchange, how the results are taxed, how funds are invested, and how non-cash items and one-time gains and losses affect results.

The following table provides a reconciliation of revenue under IFRS, as disclosed in the condensed consolidated statements of operations and comprehensive income, to Operating Revenue and Gross Margin:

	Three months ended Sept 30		**Nine months ended Sept 30**	
(stated in thousands)	**2015**	**2014**	**2015**	**2014**
Operating Revenue				
Drilling	30,921	86,735	123,274	255,228
Production services	13,448	31,463	53,025	90,957
Less: inter-company eliminations	(19)	(238)	(272)	(1,246)
	44,350	**117,960**	**176,027**	**344,939**
Third party charges	2,609	7,265	8,819	23,683
Revenue	**46,959**	**125,225**	**184,846**	**368,622**
Less: operating expenses	(41,684)	(90,891)	(141,869)	(265,079)
Add:				
Depreciation - operating	8,791	16,042	29,040	45,251
Stock based compensation - operating	219	194	562	611
Gross Margin	**14,285**	**50,570**	**72,579**	**149,405**

Adjusted EBITDA

Management believes that in addition to net income, earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("Adjusted EBITDA") is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating activities similar to Gross Margin but also factors in the cash administrative expenses incurred in the period.

Operating Earnings

Management believes that in addition to net income, Operating Earnings is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating activities similar to Adjusted EBITDA but also factors in the depreciation expense incurred in the period.

The following table provides a reconciliation of net income under IFRS, as disclosed in the condensed consolidated statements of operations and comprehensive income, to earnings before interest and finance costs, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA and Operating Earnings:

	Three months ended September 30		Nine months ended September 30	
(stated in thousands)	**2015**	**2014**	**2015**	**2014**
Net income (loss)	(76,816)	14,718	(74,129)	44,614
Add:				
Finance costs	5,508	5,155	15,029	15,885
Income tax (recovery) expense	(2,247)	5,525	8,725	16,527
Depreciation - operating	8,791	16,042	29,040	45,251
Depreciation - administrative	464	448	1,378	1,332
EBITDA	(64,300)	41,888	(19,957)	123,609
Add:				
Stock based compensation - operating	219	194	562	611
Stock based compensation - administrative	980	918	2,599	1,754
Impairment loss on goodwill	71,256	-	71,256	-
Other items	(75)	(218)	(1,488)	384
Adjusted EBITDA	8,080	42,782	52,972	126,358
Subtract:				
Depreciation - operating	(8,791)	(16,042)	(29,040)	(45,251)
Depreciation - administrative	(464)	(448)	(1,378)	(1,332)
Operating Earnings (Loss)	(1,175)	26,292	22,554	79,775

Net Debt

The following table provides a reconciliation of long term debt under IFRS, as disclosed in the condensed consolidated balance sheets to Net Debt:

(stated in thousands)	**September 30, 2015**	**December 31, 2014**
Long term debt	264,219	264,165
Current portion of long term debt	832	1,062
Less cash and cash equivalents	(56,554)	(62,662)
Net Debt	**208,497**	**202,565**

Drilling rig utilization – Operating Days: Calculated based on Operating Days divided by total available days.

Drilling rig utilization – Revenue Days: Calculated based on Revenue Days divided by total available days.

Operating Days: Defined as contract drilling days, calculated on a spud to rig release basis.

Revenue Days: Defined as Operating Days plus rig mobilization days.

Service Hours: Defined as well servicing hours completed.

Service rig utilization: Calculated based on Service Hours divided by available hours, being 10 hours per day, per well servicing rig, 365 days per year.

Contract Drilling Rig Classifications

Cardium class rig: Defined as any contract drilling rig which has a total hookload of less than 400,000 lbs (or 178,000 daN).

Duvernay class rig: Defined as any contract drilling rig which has a total hookload of more than 500,000 lbs (or 222,000 daN).

Montney class rig: Defined as any contract drilling rig which has a total hookload between 400,000 lbs (or 178,000 daN) and 500,000 lbs (or 222,000 daN).

Abbreviations:

- Barrels (“bbl”);
- Basis point (“bps”): A 1% change equals 100 basis points and a 0.01% change is equal to one basis point;
- Canadian Association of Oilwell Drilling Contractors (“CAODC”);
- DecaNewton (“daN”);
- International Financial Reporting Standards (“IFRS”);
- Pounds (“lbs”);
- Thousand cubic feet (“mcf”);
- West Texas Intermediate (“WTI”);
- Western Canadian Sedimentary Basin (“WCSB”); and
- Western Canadian Select (“WCS”).

Forward-Looking Statements and Information

This MD&A contains certain statements or disclosures relating to Western that are based on the expectations of Western as well as assumptions made by and information currently available to Western which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western anticipates or expects may, or will occur in the future (in whole or part) should be considered forward-looking information. In some cases forward-looking information can be identified by terms such as “forecast”, “future,” “may”, “will”, “expect”, “anticipate,”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “pro forma”, or other comparable terminology.

In particular, forward-looking information in this MD&A includes, but is not limited to, statements relating to future declaration of dividends; the future demand for the Company’s services and equipment; the terms of existing and future drilling contracts in Canada and the US and the revenues resulting therefrom (including the number of Operating Days typically generated from the Company’s contracts); the Company’s expansion and maintenance capital plans for 2015, including the ability of current capital resources to cover Western’s financial obligations and the 2015 capital budget; the Company’s expected sources of funding to support such capital plans and the Company’s ability to adjust capital spending in the remainder of 2015 if market conditions continue to change; expectations as to the increase in crude oil transportation capacity through rail and pipeline development; expectations as to the necessary approvals for liquefied natural gas projects being obtained; the expectation of continued foreign investment into the Canadian oilfield industry; the expectation that producer spending constraints will continue to be a large challenge facing the Company in 2015; and forward-looking statements under the heading “Critical Accounting Estimates”.

The material assumptions in making the forward-looking statements in this MD&A include, but are not limited to, assumptions relating to, demand levels and pricing for oilfield services; fluctuations in the price and demand for oil and natural gas; the current low levels of, and pressures on, commodity pricing; the continued business relationship between the Company and its significant customers; general economic and financial market conditions; the development of liquefied natural gas projects, crude oil transport and pipeline approval and development; the Company’s ability to finance its operations; the effects of seasonal and weather conditions on operations and facilities; the competitive environment to which the various business segments are, or may be, exposed in all aspects of their business; the ability of the Company’s various business segments to access equipment (including spare parts and new technologies); changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; and other unforeseen conditions which could impact the use of services supplied by Western including Western’s ability to respond to such conditions.

Although Western believes that the expectations and assumptions on which such forward-looking statements and information are based on are reasonable, undue reliance should not be placed on the forward-looking statements and information as Western cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risk that the demand for oilfield services will not improve for the remainder of 2015 and that commodity prices will remain low, and other general industry, economic, market and business conditions. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other risk factors that could affect Western’s operations and financial results are included in Western’s annual information form which may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements and information contained in this MD&A are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Additional data

The Annual Information Form containing additional information relating to the Company is filed on SEDAR at www.sedar.com.